

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7046

BILL NUMBER: HB 1274

NOTE PREPARED: Jan 1, 2009

BILL AMENDED:

SUBJECT: Loans and Gifts Between Political Subdivisions.

FIRST AUTHOR: Rep. Pelath

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill authorizes a political subdivision to invest in the obligations of another political subdivision that is located in any part in the same county. It permits a county, city, town, or township to grant or loan money to another political subdivision that is located in any part of the same county for any purpose of the county, city, town, or township making the grant or loan or the political subdivision receiving the grant or loan.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under current law, county treasurers and the fiscal officers of other taxing units may invest funds in U.S. Treasury bills or in securities issued by federal agencies and fully guaranteed by the United States. This bill would extend this authority to investing in securities and similar financial instruments offered by another taxing unit in the same county. The bill also permits any taxing unit in a county, if it so wishes, to loan or grant money to another taxing unit in the same county.

The bill gives taxing units in the same county complete discretion in granting or loaning funds to each other, and in investing in each other's bonds and securities. As such, it allows taxing units added flexibility in managing their finances.

State Agencies Affected:

Local Agencies Affected: All local taxing units.

Information Sources:

Fiscal Analyst: David Lusan, 317-232-9592.